

# BBBIOTECH

## Monthly News September 2009

As at 09/30/2009	Share price	NAV	Market capitalization
Switzerland: BION SW	CHF 77.95	CHF 96.50	CHF 1421 mn
Germany: BBZA GY	EUR 51.42	EUR 63.60	EUR 937 mn
Italy: BB IM	EUR 51.46	EUR 63.60	EUR 937 mn

### BB BIOTECH: Initiation of 6th share buyback on September 16, 2009

BB BIOTECH initiated its 6th share buyback program on September 16, 2009, acquiring 113 500 shares until the end of the third quarter. The shareholders confirmed the resolution of a 6th share buyback program at the extraordinary general assembly on July 6th, 2009 to repurchase and cancel up to 1.8225 million of BB BIOTECH's registered shares, corresponding to 10% of total share capital. The reduction in the number of outstanding registered shares will increase earnings per share and should also reduce the discount between the market price and the reported Net Asset Value.

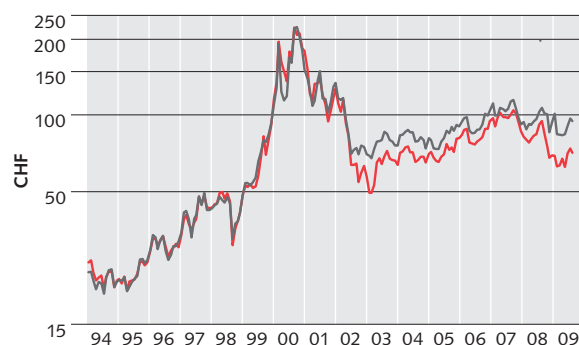
### Incyte: Positive Phase II results for its lead JAK inhibitor in patients with mild-to-moderate psoriasis

In September Incyte reported promising results from a Phase II trial with a topical formulation of its lead JAK inhibitor INCB18424 in patients with mild-to-moderate psoriasis. The trial included 200 patients who received 0.5%, 1.0%, 1.5%, or placebo once daily, and the data showed a statistically significant improvement in reduction in total lesion score at month three. In addition, 25% of patients who received the two highest doses had clear or almost clear lesions by Physician's Global Assessment (PGA) versus 6% of those who received placebo; changes in PASI score were also significant. Importantly, the drug was well tolerated. We expect additional trials to start in the first half of 2010 and believe that the compound could offer an alternative to existing topical agents that include steroids and Vitamin D analogues. We continue to expect results from Phase III trials in the US and Europe with oral INCB18424 in patients with myelofibrosis, the key value driver, in the second half of 2010 and the first half of 2011, respectively. We expect the data to be positive and for the drug to be a meaningful advance for this currently unmet medical need upon its launch in 2012.

### Arena: 2nd Phase III study confirms efficacy and safety of Lorcaserin

Arena announced positive, statistically significant data from the 2nd Phase III study called BLOSSOM. In total, both trials had over 7000 obese patients, and the efficacy and safety was consistent across the studies, importantly demonstrating no effect on heart valves (the side effect that led to the market withdrawal of Fen-Fen). Almost half of the patients lost at least 5% of their weight, and one-third lost at least 10%. We believe that safety will be the biggest factor that the FDA will look at, and lorcaserin has a very favorable safety profile while at the same time improving various cardiovascular risk factors. Arena plans on submitting an NDA by the end of 2009 for approval in the US and to subsequently name a marketing partner.

### SHARE PRICE TREND SINCE FOUNDATION



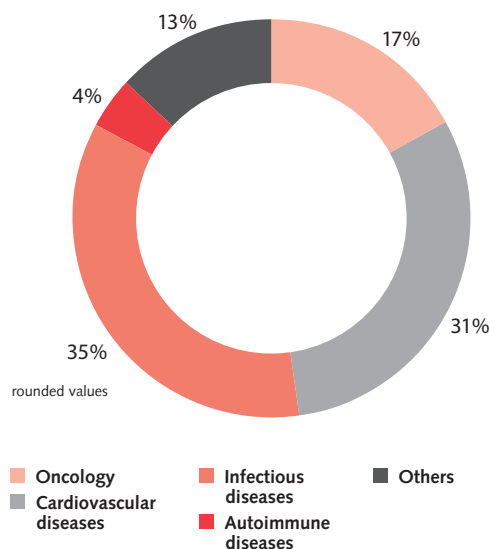
■ BB BIOTECH Share price ■ BB BIOTECH Net Asset Value

Source: Datastream, 09/30/2009

### PERFORMANCE (adjusted for dividends)

	1M (Sept)	YTD	11/15/1993
BION SW	+9.8%	+16.8%	+283%
BBZA GY	+10.6%	+15.4%	N.A.
BB IM	+10.8%	+20.1%	N.A.

### SECURITIES PORTFOLIO BY SECTORS AS AT 06/30/2009



This material is not intended as an offer or solicitation for the purchase or sale of shares of BB BIOTECH. Opinions and estimates constitute the judgement of Bellevue Asset Management and BB BIOTECH and are subject to change without notice. Past performance is not indicative of future results. This material may not be distributed within the United States or any other country where it may violate applicable law. Information herein is believed to be reliable, but Bellevue Asset Management and BB BIOTECH do not guarantee its completeness or accuracy.



**“Our performance is driven by selection of current and future winners in the drug development industry.”**

Dr. Thomas Szucs, Chairman BB BIOTECH

**RELATIVE VALUATIONS: MOST IMPORTANT BIOTECHNOLOGY COMPANIES**

	Price (l.c.)	Market Cap (USD bn)	2009E PE	EPS 09–12E Growth	09–12E PEG	2008E Revenue (USD mn)
<b>US</b>						
Celgene	55.9	25.6	27.3	34.0%	0.8	2 625
Gilead	46.5	42.0	16.6	15.0%	1.1	6 735
<b>Average</b>			22.0	24.0%	0.9	
<b>Europe</b>						
Actelion	64.4	7.8	17.4	16.0%	1.1	1 699
Novo Nordisk	318.5	38.6	18.5	19.0%	1.0	10 298
<b>Average</b>			17.9	17.0%	1.0	
<b>US / Europe</b>						
<b>Average</b>			19.7	20.0%	1.0	

As at 09/30/2009

**Investment Strategy**

BB BIOTECH's objective is to generate an average return of 15% per annum with a long-term investment horizon and to substantially outperform the relevant indices in the process. BB BIOTECH participates selectively in firms operating in the growth market of innovative medications and diagnostics based on modern biotechnology, with companies listed in the stock markets accounting for at least 90% of the portfolio value.

Our task is to have an in-depth knowledge of the businesses conducted by our holdings, which includes key financial ratios, also of the prevailing competitive environment, the product pipeline, the portfolio of patents and the perception of the products and services by the end customers, to name just a few aspects. The target portfolio of BB BIOTECH consists of approximately 20 to 30 holdings, no more than 5 of which account for more than 10% of equity and the largest of which should not exceed 25%.

In the course of selecting its holdings, BB BIOTECH relies on the well-established experience of its Board members and the fundamental analyses by the experienced management team of Bellevue Asset Management Group, with access to a network of physicians and specialists for the sectors in question. In doing so, a detailed financial model is created for each holding, which guarantees a compelling illustration of the potential for doubling asset values in a period of four years.

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**FIVE GOOD REASONS**

- Strong growth driven by innovative, high-margin new therapies
- Attractive valuations for fast-growing companies
- Long-term track record of 16 years with above average performance
- Long-term outperformance to industry benchmarks
- Experienced management with strong Board of Directors

**MANAGEMENT TEAM**



Elhan Kosar



Dr. Daniel Koller



Eric Bernhardt

**GENERAL INFORMATION**

Board of Directors	Prof. Dr. med. Thomas D. Szucs (Chairman) Dr. Clive A. Meanwell Prof. Dr. David Baltimore
Management team	Elhan Kosar Dr. Daniel Koller Eric Bernhardt Stefan Müller Felicia Flanigan Dallas Webb
Portfolio management	Jan Bootsma Marjorie Valeria Victorina Hugo van Neutegem
Legal structure	Incorporated company
Foundation	November 9, 1993
Share type	Registered shares
Nominal value	CHF 1
Share structure	18.23 mn registered shares
Authorized capital	CHF 9.1 mn
Conditional capital	CHF 9.1 mn
Listing	Swiss Stock Exchange German Stock Exchange Italian Stock Exchange
Security number (CH)	3 838 999
Security number (D/I)	AONFN3
Net Asset Value	Wednesday and Saturday in FuW and FAZ, Web site daily
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